

Keep
foreclosure
from getting
too close to
home.



Department of
Veterans Affairs

Tips to Avoid Foreclosure

VA Programs That Help

Pre-qualify potential buyers.

An assumable VA loan is very attractive to potential buyers and may make it easier for you to sell your home. However, if you transfer your loan without obtaining a release of liability, you are responsible for the entire term of the loan, even if the assumer defaults. So don't let that loan come back to haunt you by letting a stranger assume it. Your buyers should be qualified and you should obtain a release of liability from VA before you let your loan be assumed. If you've already sold your home you may still obtain a release of liability if the buyer qualifies. Contact your local VA office.

We offer financial counseling.

If you find yourself having trouble meeting your mortgage obligation, contact VA for assistance. We can help you budget and communicate with your lender to set up a repayment plan.

Buying loan from lender.

In cases where the default is temporary and the lender will not cooperate or listen to you, VA may be able to buy your loan from the lender. You would then make your payments to VA. This program requires qualification under VA income and credit standards.

*“To care for him who shall have borne the battle,
and for his widow, and his orphan.”*— ABRAHAM LINCOLN



Compromise Sale (Short Payoff)

If there's a problem making payments, it's always better to sell a property than to allow it to go into foreclosure. VA's Compromise Sale or Short Payoff Program makes it easier for owners to avoid foreclosure by selling their homes quickly.

When you receive an offer that's lower than your total loan indebtedness, you can ask VA to approve a compromise sale. We'll review the situation with your mortgage company, and if approved, pay the difference between your mortgage balance and the proceeds of your sale.

We then arrange for you to pay that difference back to us. If you had let the property go into foreclosure, and VA had to pay a claim to the lender, you would usually owe us a larger amount than with a pre-arranged, compromise sale.

Deed in Lieu of Foreclosure (Quit Claim Deed)

property is deeded to VA, releasing the homeowner from debt.

In this program, VA will consider taking the deed to a home instead of foreclosing on it. The

This program is for extreme situations, where there is no foreseeable income due to a hardship such as job loss. While it allows you to avoid foreclosure, it also means you lose any equity in the property. We encourage owners to think very carefully before choosing this alternative, and require written justification as to why it's necessary. If a deed is accepted in lieu of foreclosure, you would be required to vacate the property within 30 days.

The Deed in Lieu of Foreclosure Program is available only to mortgage holders who have clear title (e.g. no second mortgages) to their property.

**Department of Veterans Affairs
Box 25126
155 Van Gordon Street
Denver, CO 80225**

**We can't
help if we
can't find
you.**

Always notify VA if you move,
or if your loan status has
changed (e.g. you've sold
your home and the loan was assumed by a
new buyer).

**If you've
got a
problem,
talk to us.**

The Department of Veterans
Affairs has several programs
that are designed to help
veterans (and non-veteran homeowners who
have a VA loan) avoid foreclosure.

For more information on any of the programs
described, contact the Department of
Veterans Affairs Regional Loan Center

Toll-Free at 1-800-319-9446.

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